

## WEST VIRGINIA INFORMATIONAL LETTER

NO. 54

August 23, 1988

**TO: ALL PROPERTY AND CASUALTY COMPANIES AND RATING ORGANIZATIONS LICENSED TO DO BUSINESS IN THE STATE OF WEST VIRGINIA**

The purpose of this informational letter is to clarify the responsibilities and filing requirements for companies which are members of rating organizations.

Pursuant to Chapter 33, Article 20, Section 4(c) of the West Virginia Code, an insurer may satisfy its rate filing obligations by becoming a member of a licensed rating organization and authorizing the Commissioner to accept the rating organizations filings on behalf of the insurer.

West Virginia Code Section 33-20-7(a) provides that the member company shall adhere to the filings made on the company's behalf by the rating organization.

If a member or subscriber deviates in any way from the approved rating organization filing the procedures for deviations found in Code section 33-20-7(a) must be followed. The following are illustrations of situations which, in the opinion of the Insurance Commissioner, are to be considered deviations which fall within the Commissioners review and approval authority under Code Section 33-20-7(a):

- (1) Use of rates higher or lower than those approved for the rating organization;
- (2) Non-adoption of an approved rating organization filing;
- (3) Delay in the implementation of an approved rating organization filing;
- (4) Modification of a deviation currently in use.

The Insurance Code requires written application to the Commissioner for approval to implement a deviation. The application must specify the basis for the modification and must be accompanied by the supporting data. Therefore, deviations are reviewed in much the same manner as independent filings. A copy of the application and supporting data must be sent to the rating organization at the same time that it is filed with the Commissioner.

Furthermore, West Virginia Code Section 33-20-7(b) provides for an administrative hearing in the case of deviations from rating organization filings. The right of the rating organization and the insurer to a hearing will be considered waived unless specifically requested by the parties involved.

Deviations are effective for a period of one year from the date of approval unless terminated sooner with the approval of the Commissioner.

All insurers currently utilizing rules and procedures for deviations which are inconsistent with these requirements should contact the Insurance Department within 60 days of the date of this letter, in writing, setting forth proposals for conforming such rules and procedures with these requirements. Otherwise, prior approval of such rules will be withdrawn.

Any questions concerning this letter should be directed to Robert M. Adkins, J.D., Director, Rates and Forms Division or Dr. Sam S. Sarab, Insurance Econometrician, Rates and Forms Division at the West Virginia Insurance Department, 2100 Washington Street, East, Charleston, West Virginia 25305. (304) 348-2094.

Sincerely,

Hanley Clark  
Deputy Insurance Commissioner

RMA/HC/sb